



Agenda Date: 7/23/04  
Agenda Item: 2B

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**www.bpu.state.nj.us**

**DIVISION OF ENERGY**

IN THE MATTER OF THE PETITION OF )  
SOUTH JERSEY GAS COMPANY FOR )  
AUTHORIZATION TO TRANSFER )  
ITS APPLIANCE SERVICE BUSINESS TO A )  
NEWLY CREATED COMPANY, AND IN )  
CONNECTION THEREWITH FOR: (a) APPROVAL )  
OF ASSOCIATED SERVICE AGREEMENTS )  
PURSUANT TO N.J.S.A. 48:3-7.1; (b) WAIVER OF )  
THE ADVERTISING AND BIDDING )  
REQUIREMENTS OF N.J.A.C. 14:1-5.6; AND (c) )  
AUTHORIZATION TO WITHDRAW APPENDIX B )  
FROM SOUTH JERSEY GAS COMPANY'S )  
TARIFF )

ORDER ADOPTING  
STIPULATION

DOCKET NO. GM02080609

(SERVICE LIST ATTACHED)

BY THE BOARD<sup>1</sup>:

On August 16, 2002, South Jersey Gas Company ("South Jersey", "Petitioner" or "Company") filed a Petition with the New Jersey Board of Public Utilities for authorization to transfer its appliance service business to a newly created affiliated company, and in connection therewith for: (a) approval of associated service agreements pursuant to N.J.S.A. 48:3-7.1; (b) waiver of the advertising and bidding requirements of N.J.A.C. 14:1-5.6; and (c) authorization to withdraw a portion of Appendix B from the Company's Tariff.

The Petition sought approval to transfer the non-safety related and non-emergency related portions of South Jersey's competitive appliance service business to a newly created, unregulated affiliate of the Company. Petitioner would retain responsibility to provide, at no charge to its customers, those emergency-related and safety-related services set forth in Section 10.9 of the General Terms and Conditions of its Tariff, found at Original Sheet No. 124 and described as Free Services in Appendix B to its Tariff. Petitioner would also retain responsibility to provide those Non-Competitive Services referred to in Appendix B to its Tariff.

<sup>1</sup> Commissioner Frederick F. Butler did not participate in the deliberation or vote in this matter.

In addition to providing natural gas utility distribution services, the Company currently offers its customers an array of tariffed Competitive appliance services, the terms and conditions of which are contained in Appendix B to South Jersey's Tariff for Gas Service. The Competitive appliance repair services are contained within the following three separate rate schedules: (i) Appliance Repair Service (ARS); (ii) Appliance Repair Service – Service Sentry (ARS-SS); and (iii) Appliance Repair Service – Flat Rate (ARS-FR).

Pursuant to Rate Schedule ARS, Petitioner is authorized to repair and service appliances for the general public on either an hourly rate basis, or upon a fixed charge basis. As part of Rate Schedule ARS, Petitioner offers both Competitive and Non-Competitive appliance repair and service. Also currently offered under ARS are Free Services which are defined under the ARS tariff. Further, pursuant to Rate Schedule ARS-SS, the Company offers to enter into contracts, pursuant to which South Jersey will repair appliances or piping for customers who have entered into such contracts. Pursuant to the third rate schedule, Appliance Repair Service-Flat Rate, ARS-FR, Petitioner will repair and service appliances at flat rates, applicable to specific, designated parts. Each floor rate and flat rate for each designated part is defined in the ARS-FR tariff. As part of its petition, concerning these rate schedules, South Jersey proposed to retain only those responsibilities under Rate Schedule ARS which relate to Non-Competitive Services and Free Services. Therefore, South Jersey proposed that after the transfer, the Company would only provide Non-Competitive and Free Services under the ARS Rate Schedule. The Company would continue to provide all safety and emergency related services. The Company proposed to withdraw the ARS-FR and ARS-SS rate schedules in their entirety and portions of the ARS rate schedule.

As part of the Petition, South Jersey also seeks Board approval of several service agreements between itself and the new affiliated company. The first proposed agreement is an Administrative Services Agreement, whereby South Jersey will provide the new company such services as internal auditing; tax preparation, planning and consulting; cash management services; legal services; insurance services; risk management support services; human resources services, graphics and design services; and billing services.

The second proposed agreement is a Personnel Services Agreement. This agreement would allow South Jersey to call upon the new affiliated company to make its employees and equipment available to South Jersey in the event of an emergency. As part of this agreement, South Jersey would be responsible for the training, testing and qualifying of the Service Plus personnel.

The third proposed agreement is a South Jersey Personnel Services Agreement, pursuant to which Service Plus could from time-to-time call upon South Jersey to provide the Service Plus with personnel and equipment needed in the new affiliated company's business.

The fourth proposed agreement is an Agreement of Sale, pursuant to which certain assets would be sold by South Jersey to the new company. The assets being sold include: appliance service repair parts, personal computers, printers and cell phones currently utilized in the appliance service business, and small tools that are contained on each of the service vans.

The fifth proposed agreement is an Equipment Lease, pursuant to which certain assets would be leased by South Jersey to the new company. These assets include: (1) the motor vehicles currently being utilized in the appliance service business; (2) certain large tools which are carried upon the vans; and (3) the automated dispatch system, including computers, and voice and data radios.

The sixth and final proposed agreement is a Business Lease, pursuant to which South Jersey would lease 2,650 square feet of space to Service Plus in various buildings owned by South Jersey throughout its service territory including Pleasantville, Glassboro, Millville, Swainton, Waterford, and Folsom.

To the extent that the Agreement of Sale, the Equipment Lease or the Business Lease would trigger the advertising or bidding requirements of N.J.A.C. 14:1-5.6, South Jersey also requests a waiver of such requirements.

Lastly, the Company proposes to withdraw portions of Appendix B from its tariff, since it will no longer be participating in the competitive appliance service business.

The parties to this proceeding include the Division of the Ratepayer Advocate ("RPA"); the Staff of the Board of Public Utilities ("Staff"); and South Jersey. The RPA and Staff propounded formal and informal discovery requests on the Company. After several discovery and settlement conferences in an attempt to resolve the issues in this proceeding on July 15, 2004, the RPA, Staff and South Jersey executed the attached Stipulation, which provides the following:

- South Jersey is a subsidiary of South Jersey Industries, Inc. ("SJI"). A new limited liability company, South Jersey Energy Service Plus, LLC ("Service Plus") will be formed as a subsidiary of SJI. The parties agree that it would be appropriate to transfer all of the non-safety related, Competitive appliance service business found in Appendix B to South Jersey's current tariff (except for the Non-Competitive services pursuant to Rate Schedule ARS) to Service Plus, a company that under current law will not be regulated by this Board. Service Plus will assume all responsibilities of South Jersey pursuant to existing appliance repair service contracts, and South Jersey will turn over to Service Plus all of the records associated with those contracts.
- The transaction will have no effect on the provision of safety-related or emergency-related services to the public. The tariffed services, which will be transferred to Service Plus include only those non-safety related, Competitive appliance services found in Appendix B to South Jersey's current Tariff. Section 10.9 of South Jersey's Tariff, found at Original Sheet No. 124 provides, and will continue to provide; *inter alia*:

10.9 ADJUSTMENT AND REPAIR OF APPLIANCES: Company will provide free service as follows:

- Meter turn off
- Appliance light up at time of meter turn on
- Original adjustment on appliances
- Normal pilot adjustment or cleaning (except during September and October)
- Normal adjustment of gas burners (except during September and October)
- Investigation for gas leaks and other safety related calls

- After the transfer of the appliance service business to Service Plus, South Jersey will continue to offer the services referred to in Section 10.9 of South Jersey's Tariff and described in Appendix B to the tariff as Free Services, as well as any other subsequently, Board-approved provision that addresses free adjustments and repairs of appliance services free of charge. Thus, as a result of this transfer, there will be no impact on the provision of safety-related or emergency-related service to the public and South Jersey will maintain existing response times related thereto.
- Effective on the date of the transfer, South Jersey will no longer provide non-safety related or non-emergency related competitive appliance repair services except as described below. During a transition period ("Transition Period") following said transfer and ending two years from the date of the Board Order approving this Stipulation, and only upon customers' request, South Jersey will continue to provide house heater repair services and water heater repair services, especially no heat call services. South Jersey will not advertise, nor offer to provide these services to any customer. If asked to provide appliance repair services for house heaters and water heaters, especially no heat call services, South Jersey will advise the customer that these services can be obtained through other purveyors. However, if the customer requests that South Jersey provide these services, South Jersey will do so during the Transition Period. During the Transition Period, South Jersey will not enter into any new appliance service contracts. Six months prior to the end of the Transition Period, South Jersey shall provide a report to the Board's Staff and the Division of the Ratepayer Advocate summarizing appliance service-related complaints received by the Company and the Board during the Transition Period.
- During the Transition Period, South Jersey may either provide the house heater repair and hot water heater repair services directly, or by subcontracting such services to another entity (other than Service Plus).
- The rates for the provision of house heater and water heater repair services to be made during the Transition Period are set forth in Exhibit A (Appendix B to the Tariff) attached to the Stipulation. South Jersey shall update its floor rates subject to Board approval, to reflect increases in costs, as necessary to recover fully allocated costs.
- At the end of the Transition Period, South Jersey shall no longer perform house heater or hot water heater repair services. Effective two years from the date of the Board Order approving this Stipulation, South Jersey will file a revised Appendix B to its Tariff, eliminating the charges for house heater and hot water heater repair service.
- South Jersey will continue to follow appropriate procedures in all emergency and safety situations, and will continue to assign the highest priority to safety-related issues. In this regard, South Jersey will continue to make unsafe situations safe. If a customer reports a gas odor or other potential emergency problem, that customer will continue to receive the same prompt attention as customers currently receive, and will receive such attention at no charge. If a customer calls to report a gas odor or other potentially unsafe condition, South Jersey will promptly respond and investigate, at no charge to the customer. If South Jersey needs to perform work to make the condition safe, there will be no charge to the customer, and the condition will be made safe. Any competitive service repairs needed after the condition is made safe will be guided by Paragraph 7 of the Stipulation with regard to the Transition Period and thereafter.

- South Jersey will record each of its free services identified in Section 10.9 of South Jersey's Tariff and described in Appendix B to the Tariff as Free Services, or any other subsequently Board-approved section that addresses free adjustments and repairs of appliances in accounts, which clearly define the nature of the free service being provided to customers. South Jersey will also track the time spent on these service calls. Moreover, South Jersey's tracking system will also be able to identify the service person who performed the service.
- Attached to the Stipulation as Exhibit "A" is Appendix B to South Jersey's Tariff, as the parties agree it should exist during the Transition Period. The parties to the Stipulation agree that the Tariff pages contained within Exhibit "A" should be accepted by the Board, with an order accepting the Stipulation.
- The parties have stipulated that the Tariff pages within Exhibit "A" should be effective on the Effective Date of the transfer. The Effective Date should be within a reasonable time following the acceptance by the Board of this Stipulation. South Jersey agrees to notify the Board of the effective date of the transfer within three (3) business days after the Effective Date is established. Notice will be provided to all customers through a bill insert beginning no later than thirty (30) days prior to the Effective Date of the transfer. In any event, all customers will be notified prior to the Effective Date. A draft of the bill insert will be provided to Board Staff and the Division of the Ratepayer Advocate in sufficient time for review prior to being sent to customers. The notice should clearly explain the safety and emergency-related services that South Jersey will continue to provide during and after the Transition Period, and that South Jersey will be transferring all its Appliance Repair Services – Service Sentry Contracts to Service Plus.
- In order to implement the transfer of its appliance service business to Service Plus, South Jersey will enter into an Administrative Services Agreement with Service Plus. Pursuant to the Administrative Services Agreement, South Jersey shall provide such administrative services to Service Plus as are enumerated in Exhibit A to the Administrative Services Agreement. They include, but are not limited to such services as internal auditing, tax preparation, planning and consulting, cash management services, legal services, insurance services, risk management support services, human resources services, graphics and design services, and billing services. South Jersey will separately account for all administrative services between South Jersey and Service Plus. Billing detail will identify the nature of the services as they pertain to the administrative services performed pursuant to Exhibit A to the Administrative Services Agreement. Moreover, all invoices for these services will be in a form which will be easily accessible by the Staff of the Board of Public Utilities, in order to ensure compliance with appropriate cost allocation formulae and methods.
- South Jersey will be paid for these services on a fully allocated cost basis in accordance with SJI's Cost Allocation Manual ("Cost Allocation Manual") or any subsequent cost allocation manual, procedures and formulae that: (1) may be approved by the Board; or (2) will be in compliance with the Affiliate Relations, Fair Competition and Accounting Standards and Related Reporting Requirements, N.J.A.C. 14:4-5.1, et seq.
- The cost recovery procedures included in the Cost Allocation Manual are designed to ensure that South Jersey will recover its fully allocated costs of providing these services to Service Plus and to further ensure that South Jersey's customers will in no respect subsidize the operations of Service Plus.

- The Parties have agreed to remove the Service Plus Personnel Services Agreement, attached as Exhibit C to the original petition which would have allowed South Jersey to hire employees of Service Plus on an emergency basis since it is inconsistent with N.J.A.C. 14:4-5.1 et seq. South Jersey agrees to maintain during and after the Transition Period sufficient number of employees to provide safe, adequate and proper utility service.
- The parties have agreed to eliminate the South Jersey Personnel Services Agreement attached as Exhibit D to the original petition which would have allowed Service Plus to hire employees from South Jersey since it is inconsistent with N.J.A.C. 14:4-5.1 et seq.
- The parties to the Stipulation recommend that these Service Agreements should be approved by the Board, pursuant to N.J.S.A. 48:3-7.1.
- In the Agreement of Sale, certain assets as listed therein are being sold by South Jersey to Service Plus. The Stipulation reflects the purchase price for these assets of \$620,261.00. The purchase price was calculated by using the higher of each asset's net book value at December 31, 2002 or fair market value. The price of the appliance service repair parts inventory reflected in the Agreement of Sale attached to the Stipulation is its net book value as of July 31, 2002. The parties agree that the value of all these assets will be updated to reflect the net book value as of the date of sale.
- In addition certain assets are being leased by South Jersey to Service Plus in accordance with the Equipment Lease as defined earlier in this order and attached to the Stipulation. The parties agree that the annual rental represents the sum of the annual book depreciation expense on the leased assets, plus the annual return on the net book value of the leased assets. In calculating the annual return, Petitioner will utilize the rate of return on rate base utilized by the Board to set rates in South Jersey's most recent base rate case at the time of calculation.
- In addition, Service Plus will lease 2,650 square feet of space from South Jersey in various buildings owned by South Jersey throughout its service territory. Attached to the Stipulation is the Business Lease for such property. The Stipulation and Business Lease reflect a rental rate that is calculated utilizing the methodology prescribed in the Cost Allocation Manual, which shall be consistent with N.J.A.C. 14:4-5.5(u).
- The parties to the Stipulation agree that the proposed transfer of the appliance service business from South Jersey to Service Plus is a single, unified transaction. It includes, *inter alia*, the transfer and lease of certain business assets. The parties to the Stipulation agree that the offering of the appliance service business assets for lease or sale on a piecemeal basis through public advertising or public bidding would therefore be impractical, and would be adverse to the public interest. The property to be sold or leased is not used for utility purposes, and does not affect the ability of South Jersey to render safe, adequate and proper service. Therefore, waiver of any applicable advertising and bidding requirements will not adversely affect the public interest.
- As a result, the parties to the Stipulation agreed that to the extent that the Agreement of Sale, the Equipment Lease or the Business Lease would trigger the advertising or bidding requirements of N.J.A.C. 14:1-5.6, such requirements should be waived.

- At the end of the Transition Period, South Jersey will no longer be in the competitive appliance service business. Attached hereto as Exhibit "A" is that portion of Appendix B to South Jersey's Tariff that will be retained after approval of this Stipulation by the Board until the Transition Period has ended.
- As a result of a Board Order Approving the Stipulation, the entirety of South Jersey's non-safety-related and non-emergency-related appliance service business will be transferred to Service Plus. This transfer will include all tangible and intangible assets associated with said business. In consideration for the transfer of the intangible assets, Service Plus will pay South Jersey One Million Five Hundred Thousand Dollars (\$1,500,000). The parties to the Stipulation have agreed that The One Million Five Hundred Thousand Dollar (\$1,500,000) payment shall be credited by South Jersey to its Remediation Adjustment Clause on the Effective Date of the Transfer. Thereafter, South Jersey shall be obligated to make no credits related to the transfer of its appliance service business. This one-time credit shall constitute a full and complete release and acquittance for any claims that have been made or may have been made that South Jersey's customers are entitled to any form of credit or compensation because of the transfer of tangible or intangible assets.
- The parties to the Stipulation have agreed that the appliance repair and service contract transaction will be subject to all applicable regulations and such terms and conditions as the Board may determine are necessary to effectuate the transfer of operations to Service Plus. As such, all transactions will be subject to the regulations codified within the Affiliate Relations, Fair Competition and Accounting Standards and Related Reporting Requirements, N.J.A.C. 14:4-5.1, et seq.
- The parties to the Stipulation agree that all vehicles, tools and existing inventory of parts used in connection with the current appliance repair and service contract business to be transferred, as well as the employees related to that business, will be transferred to Service Plus. The value of the vehicles, tools and existing inventory of parts related to the business to be transferred will be calculated and payment recorded on the books of South Jersey and Service Plus at the higher of market or net book value.
- Service Plus will have its own phone number and South Jersey's Repair team Advertising Link on its webpage will be removed.
- All computer systems will contain the necessary security to prevent access by Service Plus to confidential, or South Jersey-specific, information. All marketing leads will be purchased by Service Plus in the open market.
- Within forty-five (45) days of completion of the divestiture, South Jersey shall provide the Board with the following:
  - A tariff compliance filing, reflecting the required amendments resulting from the Board Order;
  - A list of the officers of Service Plus;
  - A final accounting of the net proceeds from the asset sale of the vehicles, tools, inventory, etc.

- The recording entries associated with the divestiture of the appliance service business on South Jersey's books;
- Fully executed copies of all agreements attached to the Stipulation.
- Within three (3) working days of the divestiture, South Jersey will provide the Board with a list of all employees transferred from South Jersey to Service Plus.
- The Tariff pages within Exhibit A will be effective on the Effective Date of the transfer. The Effective Date will be within a reasonable time following the acceptance by the Board of this Stipulation. South Jersey agrees to notify the Board of the Effective Date of the transfer within three (3) business days after the Effective Date is established. Notice will be provided to all customers through bill inserts beginning no later than thirty (30) days prior to the Effective Date of the transfer. In any event, all customers will be notified prior to the Effective Date. A draft of the bill insert will be provided to the Board Staff and the Division of the Ratepayer Advocate in sufficient time for review prior to being sent to customers. The notice should clearly explain the safety and emergency-related services that South Jersey will continue to provide during and after the Transition Period, and that South Jersey will be transferring all of its Appliance Repair Service – Service Sentry contracts to Service Plus.
- South Jersey agrees to notice its customers three months prior to the end of the Transition Period that it will no longer be in the business of appliance service repair. The notice will clearly state that South Jersey will continue to provide all safety and emergency related appliance services and identify all free and non-competitive services that South Jersey will also continue to provide. The notice will explain that South Jersey will continue to perform a diagnostic when no heat calls are received in order to determine whether the situation involves a safety related event. If a physical inspection is necessary, it will be performed at no cost to the customer. This Stipulation is not intended to in any way affect the Board's authority in connection with any Board-ordered audit, including, without limitation: (1) the matter entitled in the Matter of Consultant's Reports Regarding the Audits of the Competitive Services Offerings of South Jersey Gas Company, Docket No. GA02020101; or (2) the matter entitled In the Matter of the Focused Audit on the Affiliated Transactions between South Jersey Gas Company and South Jersey Industries and its Affiliated Transactions between South Jersey Gas Company and South Jersey Industries and its Affiliates, and Management Audit of South Jersey Gas Company, Pursuant to N.J.S.A. 48:2-16.4, Docket No. AX04040277.
- The parties to the Stipulation agree that all transactions and contact between South Jersey and Service Plus shall comply with the Board's Affiliate Relations, Fair Competition and Accounting Standards and Related Reporting Requirements, N.J.A.C. 14:4-5.1, et seq.

## DISCUSSION AND FINDINGS

Based upon our review of the Petition, the attached Stipulation and the attachments thereto, the Board HEREBY FINDS that the July 15, 2004 Stipulation as modified herein represents a reasonable compromise between the parties, that will ensure a smooth transition over a two



year period allowing customers the opportunity to receive appliance repair services from South Jersey, upon request. Further, the Stipulation provides for timely and proper notification to customers in the form of bill inserts prior to the Effective Date of the transfer and prior to the end of the Transition Period which will be reviewed by Board Staff and the Division of the Ratepayer Advocate prior to being sent to customers. The Stipulation also ensures that there will be no impact to safe, adequate and proper service and that South Jersey will continue to provide and assign the highest priority to all safety and emergency related services and free services. Thus all safety and emergency related events will continue to receive prompt attention. Thus, there will be no impact to safety or emergency services as well as all free services to South Jersey's customers.

The Board further FINDS that the Stipulation allows for utility distribution ratepayers to be equitably compensated for the going concern value of the appliance service business being transferred as well as the appropriate value for the assets being leased or sold in the transfer. Therefore, the Board finds the Stipulation and the attachments thereto to be in the public interest.

Under the Stipulation, South Jersey agrees to notify the Board of the Effective Date of the transfer within three (3) business days after the Effective Date is established. The Board however, DIRECTS South Jersey Gas Company to continue providing, at the customers' request, house heater repair services and water heater repair services, and especially no heat call services, during a two year Transition Period. Moreover, the Board FURTHER DIRECTS South Jersey Gas Company to provide, six months prior to the end of the Transition Period, a report to the Board and the Division of the Ratepayer Advocate summarizing appliance service related complaints received by the Company and the Board during the Transition Period.

The Stipulation states, the Transition Period will end two years from the date of the Board Order approving this Stipulation. In the effort to achieve further assurances for a smooth, manageable and seamless transition for customers and assurances that customers are not negatively affected by the transfer, and to preserve the Board's statutory authority, the Board HEREBY MODIFIES the Stipulation such that there shall be no automatic termination of the Transition Period after two years. The Board, after reviewing the report due six months prior to the end of the two year Transition Period, reserves the right to return the matter to the Board's agenda for further decision and direction. With regard to the report, the Board FURTHER MODIFIES the Stipulation and ORDERS that the report will also include details on the cost differential between the utility and other purveyors of providing appliance repair services. The Board further HEREBY ORDERS that South Jersey Gas Company will retain responsibility to provide, at no charge to its customers, those emergency-related and safety-related services set forth in Section 10.9 of the General Terms and Conditions of its Tariff, currently found at Original Sheet No. 124 and services that the Board may deem in the future, the responsibility of South Jersey Gas Company. The Board FURTHER ORDERS that South Jersey Gas Company must retain responsibility to provide those Non-Competitive Services referred to in Appendix B to its Tariff and any other non-competitive Services that the Board may deem in the future, the responsibility of the South Jersey Gas Company.

Offering the appliance service business assets for lease or sale on a piecemeal basis through public advertising or public bidding would not have been practical in this instance and would have been adverse to the public interest. The property to be sold or leased is not used for utility purposes, and does not affect the ability of South Jersey to render safe, adequate and proper service. Therefore, waiver of any applicable advertising and bidding requirements will not

adversely affect the public interest. The Board HEREBY GRANTS the waiver of advertising or bidding requirements in N.J.A.C. 14:1-5.6 to the extent they would be triggered by the Agreement of Sale or the Equipment Lease or Business Lease.

Moreover, the Board FURTHER DIRECTS South Jersey to notify the Board of the effective date of the transfer within three (3) business days after the Effective Date is established and to provide notice to all customers through a bill insert beginning no later than thirty (30) days prior to the Effective Date of the transfer. All customers will be notified prior to the Effective Date. A draft of the bill insert will be provided to the Board's Staff and the Division of the Ratepayer Advocate in sufficient time for review prior to being sent to customers. The notice must clearly explain the safety and emergency-related services that South Jersey will continue to provide during and after the Transition Period, and that South Jersey will be transferring all its Appliance Repair Services – Service Sentry Contracts to Service Plus effective on the date of the transfer. Currently, Service Sentry contract customers have the option to pay for the contract in twelve (12) equal monthly installments or through an annual lump sum payment. Upon the transfer, Service Sentry customers under Service Plus will have the same payment options.

South Jersey Gas Company will also notice its customers three months prior to the end of the Transition Period that it will no longer be in the business of appliance service repair. The notice must clearly state that South Jersey will continue to provide all safety and emergency related appliance services and identify all free non-competitive services that South Jersey will also continue to provide. The notice will explain that South Jersey will continue to perform a physical inspection and diagnostic when no heat calls are received to determine whether the situation involves a safety related event. In light of the Board's rejection of the automatic termination of the two year Transition Period, the Board MODIFIES the Stipulation and ORDERS that the notice will be filed three months prior to the end of the Transition Period as stated in the Stipulation unless otherwise determined by the Board after its review of the report. The notice will not however, be sent to customers later than three months prior to the final Transition Period that may be subsequently determined by this Board. The Stipulation requires that a draft of the bill insert that will be sent to customers prior to the Effective Date of the Transfer be provided to Board Staff and the Division of the Ratepayer Advocate in sufficient time for review prior to being sent to customers. The Stipulation is not clear as to whether the same review process exists for the second notice sent to customers three months prior to the end of the Transition Period. The Board believes that the same review process should be applied to both notices. Thus, the Board ORDERS that South Jersey Gas Company also provide a draft of the notice due three months prior to the end of the Transition Period, to the Board Staff and the Division of the Ratepayer Advocate in sufficient time for review prior to being sent to customers.

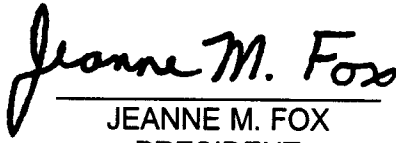
The Stipulation and attachments thereto refer to South Jersey Gas Company's Cost Allocation Manual in several areas. The Board HEREBY DIRECTS the Energy Division and the Audits Division to include a review of South Jersey Gas Company's Cost Allocation Manual in the upcoming Focused Audit of South Jersey Gas Company, Docket No. AX04040277.

Nothing herein shall affect in any way or limit the Board's authority to ensure safe, adequate and proper service to utility customers.

Based upon the foregoing review, findings and modifications, the Board FINDS the Stipulation and the attachments thereto and as modified herein to be in the public interest. Accordingly, the Board HEREBY APPROVES the Stipulation and attachments thereto as modified herein. In approving the Stipulation as modified herein, the Board HEREBY AUTHORIZES South Jersey Gas Company to transfer the non-safety-related and non-emergency-related portions of its competitive appliance service business to Service Plus within a reasonable time following this Order.

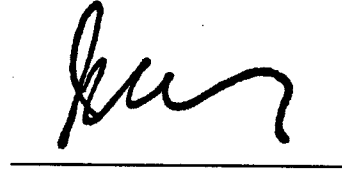
DATED: 7/29/04

BOARD OF PUBLIC UTILITIES  
BY:

  
JEANNE M. FOX  
PRESIDENT

  
CAROL J. MURPHY  
COMMISSIONER

  
CONNIE O. HUGHES  
COMMISSIONER

  
JACK ALTER  
COMMISSIONER

ATTEST:

  
KRISTI IZZO  
SECRETARY

**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

<b>IN THE MATTER OF THE PETITION</b>	<b>:</b>	<b>DOCKET NO. GM02080609</b>
<b>OF SOUTH JERSEY GAS COMPANY</b>	<b>:</b>	
<b>FOR AUTHORIZATION TO TRANSFER</b>	<b>:</b>	
<b>ITS APPLIANCE SERVICE BUSINESS</b>	<b>:</b>	
<b>TO A NEWLY CREATED COMPANY,</b>	<b>:</b>	
<b>AND IN CONNECTION THEREWITH</b>	<b>:</b>	
<b>FOR: (a) APPROVAL OF ASSOCIATED</b>	<b>:</b>	
<b>SERVICE AGREEMENTS PURSUANT</b>	<b>:</b>	
<b>TO N.J.S.A. 48:3-7.1; (b) WAIVER OF</b>	<b>:</b>	
<b>THE ADVERTISING AND BIDDING</b>	<b>:</b>	
<b>REQUIREMENTS OF N.J.A.C. 14:1-5.6;</b>	<b>:</b>	
<b>AND (c) AUTHORIZATION TO</b>	<b>:</b>	
<b>WITHDRAW APPENDIX B FROM</b>	<b>:</b>	
<b>SOUTH JERSEY GAS COMPANY'S</b>	<b>:</b>	
<b>TARIFF</b>	<b>:</b>	

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**STIPULATION**

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Attorneys for Petitioner  
South Jersey Gas Company

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Suite 300  
Cherry Hill, NJ 08002

IN THE MATTER OF THE PETITION OF  
SOUTH JERSEY GAS COMPANY FOR  
AUTHORIZATION TO TRANSFER ITS  
APPLIANCE SERVICE BUSINESS TO A  
NEWLY CREATED COMPANY, AND IN  
CONNECTION THEREWITH FOR: (a)  
APPROVAL OF ASSOCIATED SERVICE  
AGREEMENTS PURSUANT TO N.J.S.A.  
48:3-7.1; (b) WAIVER OF THE  
ADVERTISING AND BIDDING  
REQUIREMENTS OF N.J.A.C. 14:1-5.6; AND  
(c) AUTHORIZATION TO WITHDRAW  
APPENDIX B FROM SOUTH JERSEY GAS  
COMPANY'S TARIFF

DOCKET NO. GM02080609

STIPULATION

The essence of the Petition was to transfer the non-safety-related and non-emergency-related portions of South Jersey's "Competitive" appliance service business to a newly created, unregulated affiliate of the Company. Petitioner would retain responsibility to provide, at no charge to its customers, those emergency-related and safety-related services set forth in Section 10.9 of the General Terms and Conditions of its Tariff and described as "Free Services" in Appendix B to its Tariff. Petitioner would also retain responsibility to provide those "Non-Competitive Services" referred to in Appendix B to its Tariff.

This matter was retained at the Board, and not transferred to the Office of Administrative Law. Discovery was served on the Company, and all outstanding discovery requests have been answered. The parties have had discovery and settlement conferences, in an attempt to resolve the issues in this proceeding.

The parties have agreed as follows:

#### **I. BACKGROUND**

1. In addition to providing service as a natural gas utility, the Company has offered its customers an array of tariffed "Competitive" appliance services, the terms and conditions of which are contained in Appendix B to South Jersey's Tariff for Gas Service. The "Competitive" appliance repair services are contained within the following rate schedules: (i) Appliance Repair Service (ARS); (ii) Appliance Repair Service – Service Sentry (ARS-SS); and (iii) Appliance Repair Service – Flat Rate (ARS-FR).

2. Pursuant to Rate Schedule ARS, Petitioner offers to repair and service appliances for the general public on either an hourly rates basis, or upon a fixed charge basis. In addition, pursuant to Rate Schedule ARS, Petitioner offers both "Competitive" and "Non-Competitive" appliance service. Pursuant to Rate Schedule ARS-SS, the Company offers to enter into agreements, pursuant to which South Jersey will repair appliances or piping for customers who

have entered into such agreements. Pursuant to Rate Schedule ARS-FR, Petitioner will repair - service appliances at flat rates, applicable to specific, designated parts. As part of its Petition, concerning these rate schedules, South Jersey had proposed to retain only those responsibilities under Rate Schedule ARS which relate to "Non-Competitive" services and "Free Services."

3. South Jersey is a subsidiary of South Jersey Industries, Inc. ("SJI"). A new limited liability company, South Jersey Energy Service Plus, LLC ("Service Plus") will be formed as a subsidiary of SJI. Petitioner proposes that it would be appropriate to transfer all of the tariffed appliance service business (except for the "Non-Competitive" service pursuant to Rate Schedule ARS) to Service Plus, a company that under current law will not be regulated by this Board. Petitioner asserts that Service Plus will then have the flexibility to be more responsive to competition and its customers and further expand its service offerings in an unregulated environment. Petitioner proposes that Service Plus will assume all responsibilities of South Jersey pursuant to existing appliance repair service contracts, and South Jersey will turn over to Service Plus all of the records associated with those contracts.

4. South Jersey believes that the Board's approval of this Petition will allow Service Plus to compete on equal footing with other unregulated appliance contract and repair services.

## **II. PETITIONER'S PROPOSAL**

5. South Jersey's proposal will have no effect on the provision of safety-related or emergency-related services to the public. The tariffed services which South Jersey proposes to transfer to Service Plus include only those non-safety related, "Competitive" appliance services found in Appendix B to South Jersey's current Tariff. Section 10.9 of South Jersey's Tariff, provides *inter alia*:

**10.9 ADJUSTMENT AND REPAIR OF APPLIANCES:** Company will provide free service as follows:

Meter turn off  
Appliance light up at time of meter turn on  
Original adjustment on appliances  
Normal pilot adjustment or cleaning (except during September and October)  
Normal adjustment of gas burners (except during September and October)  
Investigation for gas leaks and other safety related calls

6. After the transfer of the appliance service business to Service Plus, South Jersey will still continue to offer the services referred to in Section 10.9 of South Jersey's Tariff and described in Appendix B to the Tariff as "Free Services," or any other subsequently Board-approved section that addresses free adjustments and repairs of appliances.. Thus, as a result of this transfer, there will be no impact on the provision of safety-related or emergency-related service to the public and South Jersey will maintain existing response times related thereto.

7. Effective on the date of the transfer, South Jersey will no longer provide non-safety related or non-emergency related appliance repair services except as described below. During a transition period (the "Transition Period") following said transfer and ending two years from the date of the Board Order approving this Stipulation, and only upon the customer's request South Jersey will continue to provide house heater repair services and water heater repair services, especially no heat call services. South Jersey will not advertise, nor offer to provide these services to any customer. If asked to provide appliance repair services for house heaters and water heaters, especially no heat call services, South Jersey will advise the customer that these services can be obtained through other purveyors. However, if the customer requests that South Jersey provide these services, South Jersey will do so during the Transition Period. Six months prior to the end of the transition period, South Jersey shall provide a report to the Board's Staff and the Division of the Ratepayer Advocate, summarizing appliance service-related complaints received by the Company and the Board during the Transition Period.



8. It is understood that during the Transition Period, South Jersey may either provide the house heater repair and hot water heater repair services directly, or by subcontracting such services to another entity (other than Service Plus).

9. The rates for the provision of house heater and water heater repair services to be made during the Transition Period are set forth in Exhibit A (Appendix B to the Tariff) attached to this Stipulation. These rates may be adjusted by Board Order. South Jersey will update its floor rates to reflect increases in costs, as necessary, to recover fully allocated costs.

10. At the end of the Transition Period, South Jersey shall no longer perform house heater or water heater repair services. Effective two years from the date of the Board Order approving this Stipulation, South Jersey will file a revised Appendix B to its Tariff, eliminating the charges for house heater and hot water heater repair service.

11. South Jersey will continue to follow appropriate procedures in all emergency and safety situations, and will continue to assign the highest priority to safety-related issues. In this regard, South Jersey will continue to make unsafe situations safe. If a customer reports a gas odor or other potential emergency problem, that customer will continue to receive the same prompt attention as customers currently receive, and will receive such attention at no charge. If a customer calls to report a gas odor or other potentially unsafe condition, South Jersey will respond and investigate, at no charge to the customer. If South Jersey needs to perform work to make the condition safe, there will be no charge to the customer, and the condition will be made safe. The Company will be guided by Paragraph 7 of this Stipulation for any "Competitive" repairs needed after the condition is made safe.

12. South Jersey will record each of its free services identified in Section 10.9 of South Jersey's Tariff and described in Appendix B to the Tariff as "Free Services," or any other

subsequent Board-approved section that addresses free adjustments and repairs of appliances in accounts which clearly define the nature of the free service being provided to customers. South Jersey will also track the time spent on these service calls. Moreover, South Jersey's tracking system will also be able to identify the service person who performed the service.

13. As a result, South Jersey seeks authority from this Board to transfer its tariffed, "Competitive" appliance service business to Service Plus.

14. Following the Board's approval of this Petition, South Jersey will no longer provide non-safety related and non-emergency related, "Competitive" appliance repair services two years from the date of the Board Order approving this Stipulation.

15. Attached to this Stipulation as Exhibit "A" is Appendix B to South Jersey's Tariff, as it will exist during the Transition Period. The parties to this Stipulation recommend that the Tariff pages contained within Exhibit "A" be accepted by the Board, with an order accepting this Stipulation.

16. The Tariff pages within Exhibit "A" will be effective on the Effective Date of the transfer. The Effective Date will be within a reasonable time following the acceptance by the Board of this Stipulation. South Jersey agrees to notify the Board of the Effective Date of the transfer within three (3) business days after the Effective Date is established. Notice will be provided to all customers through bill inserts beginning no later than thirty (30) days prior to the Effective Date of the transfer. In any event, all customers will be notified prior to the Effective Date. A draft of the bill insert will be provided to the Board Staff and the Division of the Ratepayer Advocate in sufficient time for review prior to being sent to customers. The notice should clearly explain the safety and emergency-related services that South Jersey will continue to provide during and after the Transition Period, and that South Jersey will be transferring all of its Appliance Repair Service – Service Sentry contracts to Service Plus.

### **III. APPROVAL OF SERVICES AGREEMENTS**

17. In order to implement the transfer of its appliance service business to Service Plus, South Jersey will enter into an Administrative Services Agreement with Service Plus. A copy of the proposed Administrative Services Agreement is attached to this Stipulation as Exhibit "B".

18. Pursuant to the Administrative Services Agreement, South Jersey shall provide such administrative services to Service Plus as are enumerated in Exhibit A to the Administrative Services Agreement. They include, but are not limited to such services as internal auditing; tax preparation, planning and consulting; cash management services; legal services; insurance services; risk management support services; human resources services, graphics and design services; and billing services. South Jersey will separately account for all administrative services between South Jersey and Service Plus. Billing detail will identify the nature of the services as they pertain to the administrative services performed pursuant to the attached Administrative Services Agreement and specifically Exhibit A, thereto. Moreover, all invoices for these services will be in a form which will be easily accessible by the Staff of the Board of Public Utilities, in order to ensure compliance with appropriate cost allocation formulae and methods.

19. South Jersey will be paid for these services on a fully allocated cost basis in accordance with South Jersey Industries, Inc.'s Cost Allocation Manual ("Cost Allocation Manual") or any subsequent cost allocation manual, procedures and formulae that: (1) may be approved by the Board; or (2) will be in compliance with the Affiliate Relations, Fair Competition and Accounting Standards and Related Reporting Requirements, N.J.A.C. 14:4-5.1, et seq.

20. The cost recovery procedures included in the Cost Allocation Manual are designed to ensure that South Jersey will recover its fully allocated costs of providing these

services to Service Plus and to further ensure that South Jersey's customers will in no respect subsidize the operations of Service Plus.

21. The parties agree to remove the Personnel Services Agreement which was attached as Exhibit C to the original Petition and which would have allowed South Jersey to hire employees of Service Plus on an emergency basis since it is inconsistent with N.J.A.C. 14:4-5.1 et seq. South Jersey agrees to maintain during and after the transition period safe, adequate and proper utility service.

22. The parties agree to remove the Personnel Services Agreement attached as Exhibit "D" to the original Petition which would have allowed Service Plus to hire employees from South Jersey since it is inconsistent with N.J.A.C. 14:4-5.1 et seq.

23. The parties to this Stipulation agree that the Administrative Services Agreement attached to this Stipulation as Exhibit B is in accordance with law. As a result, the parties recommend that the Board approve the Administrative Services Agreement pursuant to N.J.S.A. 48:3-7.1.

#### **IV. WAIVER OF CERTAIN PROVISIONS OF N.J.A.C. 14:12-5.6**

24. In order to effectuate a transfer of South Jersey's appliance service business to Service Plus, it will be necessary for Service Plus to use certain assets currently owned and used by South Jersey.

25. In this connection, attached to this Stipulation as Exhibit "E" is an Agreement of Sale, whereby certain assets are being sold by South Jersey to Service Plus. The assets to be sold include: appliance service repair parts, personal computers, printers and cell phones currently utilized in the appliance service business, and small tools that are contained on each of the service vans. The purchase price for these assets is \$620,261.00. The purchase price was calculated by using the higher of each asset's net book value at December 31, 2002 or fair

market value. The price of the appliance service repair parts inventory reflected in Exhibit "E" is its net book value as of July 31, 2002. The value of all these assets will be updated to reflect the net book value as of the date of sale.

26. In addition to the assets being sold pursuant to the Agreement of Sale, certain assets will be leased by South Jersey to Service Plus. These assets include: (1) the motor vehicles (vans) currently being utilized in the appliance service business; (2) certain equipment carried on the vans; and (3) the automated dispatch system, including computers, and voice and data radios. These assets are the subject of the Equipment Lease, attached to this Stipulation as Exhibit "F". The list of assets and lease values will be updated as of the date of sale. The annual rental represents the sum of the annual book depreciation expense on the leased assets, plus the annual return on the net book value of the leased assets. In calculating the annual return, Petitioner will utilize the rate of return on rate base utilized by the Board to set rates in South Jersey's most recent base rate case at the time of the calculation.

27. In addition, Service Plus will lease 2,650 square feet of space from South Jersey in various buildings owned by South Jersey throughout its service territory. Attached to this Stipulation as Exhibit "G" is the Business Lease for such property. The rental rate was calculated utilizing the methodology prescribed in the Cost Allocation Manual, which shall be consistent with N.J.A.C. 14:4-5.5(u).

28. The proposed transfer of the appliance service business from South Jersey to Service Plus is a single, unified transaction. It includes, *inter alia*, the transfer and lease of certain business assets. Offering the appliance service business assets for lease or sale on a piecemeal basis through public advertising or public bidding would therefore be impractical, and would be adverse to the public interest. The property to be sold or leased is not used for utility purposes, and does not affect the ability of South Jersey to render safe, adequate and proper

service. Therefore, waiver of any applicable advertising and bidding requirements will not adversely affect the public interest.

29. As a result, the parties to this Stipulation agree that to the extent that the Agreement of Sale, the Equipment Lease or the Business Lease would trigger the advertising or bidding requirements of N.J.A.C. 14:1-5.6, such requirements should be waived.

**V. WITHDRAWAL OF A PORTION OF APPENDIX B  
FROM SOUTH JERSEY'S TARIFF**

30. At the end of the Transition Period, South Jersey will no longer be in the competitive appliance service business. Attached hereto as Exhibit "A" is that portion of Appendix B to South Jersey's Tariff that will be retained after approval of this Stipulation by the Board until the Transition Period has ended.

**VI. CREDIT TO REMEDIATION ADJUSTMENT CLAUSE**

31. As a result of a Board Order Approving this Stipulation, the entirety of South Jersey's non-safety-related and non-emergency-related appliance service business will be transferred to Service Plus. This transfer will include all tangible and intangible assets associated with said business. In consideration for the transfer of the intangible assets, Service Plus will pay South Jersey One Million Five Hundred Thousand Dollars (\$1,500,000). The parties agree that the One Million Five Hundred Thousand Dollar (\$1,500,000) payment shall be credited by South Jersey to its Remediation Adjustment Clause on the effective date of the transfer. Thereafter, South Jersey shall be obligated to make no credits related to the appliance service business. This one-time credit shall constitute a full and complete release and acquittance for any claims that have been made or may have been made that South Jersey's customers are entitled to any form of credit or compensation because of the transfer of tangible or intangible assets.

## **VII. MISCELLANEOUS CONDITIONS**

32. The appliance repair and service contract divestiture will be subject to all applicable regulations and such terms and conditions as the Board may determine are necessary to effectuate the transfer of operations to Service Plus. As such, all transactions will be subject to the applicable affiliate standards.

33. All vehicles, tools and existing inventory of parts used in the current appliance repair and service contract business, as well as the employees related to the services offered, will be transferred to Service Plus. The value of the vehicles, tools and existing inventory of parts related to the services will be calculated and payment recorded on the books of South Jersey and Service Plus at the higher of market or net book value.

34. Service Plus will have its own telephone number. South Jersey's "Repair Team Advertising Link" on South Jersey's webpage will be removed. There will be no link between South Jersey's webpage and Service Plus's webpage, and there will be no link between Service Plus's webpage and South Jersey's webpage. Provided, however, that nothing contained in this Stipulation shall prevent a link between SJI's webpage and Service Plus's webpage, nor between Service Plus's webpage and SJI's webpage. No sales calls will be made by South Jersey employees on behalf of Service Plus and all advertising for Service Plus will be done by Service Plus, without joint, cross or overlapping advertising with South Jersey. Such advertising shall be consistent with the Affiliate Relations, Fair Competition and Accounting Standards and Related Reporting Requirements, N.J.A.C. 14:4-5.1, et seq.

35. All computer systems shall contain the necessary security to prevent access by Service Plus to confidential, or South Jersey-specific, information. All marketing leads will be purchased by Service Plus in the open market.

36. All transactions and contact between South Jersey and Service Plus shall comply with the Board's Affiliate Relations, Fair Competition and Accounting Standards and Related Reporting Requirements, N.J.A.C. 14:4-5.1, et seq.

37. Within forty-five (45) days of completion of the divestiture, South Jersey shall provide the Board with the following:

- a. A tariff compliance filing, reflecting the required amendments resulting from the Board Order;
- b. The officers of Service Plus;
- c. A final accounting of the net proceeds from the asset sale of the vehicles, tools, inventory, etc.;
- d. The recording entries associated with the divestiture of the appliance service business on South Jersey's books;
- e. Fully executed copies of all agreements attached to this Stipulation.

38. Within three (3) working days of the divestiture, South Jersey will provide the Board with a list of all employees transferred from South Jersey to Service Plus.

39. South Jersey agrees to notice its customers three months prior to the end of the transition period that it will no longer be in the business of appliance service repair. The notice will clearly state that South Jersey will continue to provide all safety and emergency related appliance services and identify all free and non-competitive services that South Jersey will also continue to provide. The notice will explain that South Jersey will continue to perform a diagnostic when no heat-calls are received, in order to determine whether the situation involves a safety-related event. If a physical inspection is necessary, it will be performed at no cost to the customer.



40. This Stipulation is not intended to in any way affect the Board's authority in connection with any Board-ordered audit, including, without limitation: (1) the matter entitled In the Matter of Consultant's Reports Regarding the Audits of the Competitive Services Offerings of South Jersey Gas Company, Docket No. GA02020101; or (2) the matter entitled In the Matter of the Focused Audit on the Affiliated Transactions between South Jersey Gas Company and South Jersey Industries and its Affiliates, and Management Audit of South Jersey Gas Company, Pursuant to N.J.S.A. 48:2-16.4, Docket No. AX04040277.

41. This Stipulation resolves all issues currently pending in this docket.

This Stipulation is being made in order to resolve the issues in the pending docket and to expedite the issuance of an order herein. The stipulated positions represent compromises by the parties to disputed issues in this case. The Stipulation is executed without prejudice to the positions of said parties and is not intended in any way to restrict them or have any effect in pending or future proceedings, in this or any other forum, except as expressly provided in this Stipulation.


The undersigned parties consider the stipulation of this matter to be binding.

This Stipulation contains terms, each of which is interdependent with the others and essential in its own right to the signing of this Stipulation. Each term is vital to the agreement as a whole, since the undersigned parties expressly and jointly state that they would not have signed the Stipulation had any term been modified in any respect. Since the undersigned parties have compromised in numerous areas, each is entitled to certain procedures in the event that any modifications are made to this Stipulation. If any modification is made to the terms of this Stipulation, the signatory parties have the right to be placed in the position each was in before entering into the Stipulation. Each undersigned party has the option, before the implementation of any modifications to this Stipulation, either to modify its own position to

accept the proposed changes, or to resume the proceeding as if no agreement had been reached.

This proceeding would resume at the point where it was terminated which was before the commencement of hearings.

SOUTH JERSEY GAS COMPANY

By:   
Ira G. Megdal, Esq.  
Cozen O'Connor, attorneys

SEEMA M. SINGH, ESQUIRE  
RATEPAYER ADVOCATE OF THE  
STATE OF NEW JERSEY

By: \_\_\_\_\_  
Felicia Thomas-Friel, Esq.  
Deputy Ratepayer Advocate

DATED: July 15, 2004

PETER C. HARVEY, ATTORNEY GENERAL OF  
THE STATE OF NEW JERSEY FOR THE STAFF  
OF THE BOARD OF PUBLIC UTILITIES

By: \_\_\_\_\_  
Babette Tenzer, Esq.  
Deputy Attorney General

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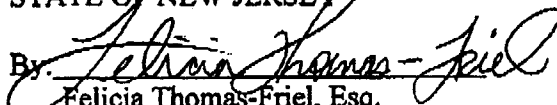
SOUTH JERSEY GAS COMPANY

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STATE OF NEW JERSEY

By:   
Felicia Thomas-Friel, Esq.  
Deputy Ratepayer Advocate

DATED: July 15, 2004

**Exhibit A**

**APPENDIX B  
TO  
SOUTH JERSEY GAS COMPANY  
TARIFF NO. 8 - GAS**

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 8 - GAS**

**Appendix B- Original Sheet No. 1**

**APPLIANCE REPAIR SERVICE (ARS)**

**APPLICABLE TO USE OF SERVICE FOR:**

Service pursuant to this Rate Schedule ARS, shall be available to all persons or other entities.

**CHARACTER OF SERVICE:**

Repair and servicing of appliances.

**FLOOR RATES:**

**Competitive Services:**

Standard Rates: \$85.36 per hour (minimum charge - \$28.45)  
Non-Standard Rates: \$128.04 per hour (minimum charge - \$42.68)

**Non-Competitive Services:**

Standard Rates: \$83.00 per hour (minimum charge - \$28.00)  
Non-Standard Rates: \$124.50 per hour (minimum charge - \$42.00)

**PRICES:**

**Competitive Services:**

Standard Rates: \$124.95 per hour (minimum charge - \$59.00)  
Non-Standard Rates: \$187.43 per hour (minimum charge - \$88.50)

**Non-Competitive Services:**

Standard Rates: \$83.00 per hour (minimum charge - \$28.00)  
Non-Standard Rates: \$124.50 per hour (minimum charge - \$42.00)

**SALES AND USE TAX:**

All charges pursuant to this Rate Schedule ARS shall be adjusted to reflect appropriate New Jersey Sales and Use Taxes.

**FREE SERVICES:**

Upon a customer's request, the Company will provide, without charge, certain services designated as Free Services, as set forth in Special Provision (c).

**TERMS OF PAYMENT:**

Payment of all bills must be received in full at the Company's designated office within fifteen (15) days of the billing date; provided, however, the Company shall take into account any postal service delays of which the Company is advised. If the fifteenth (15th) day falls on a nonbusiness day, the due date shall be extended to the next business day. Should the customer fail to make payment as specified, the Company

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Issued August 16, 2002  
by South Jersey Gas Company,  
C. Bisciegia, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Decision & Order in Docket No. GM02080609 of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

## SOUTH JERSEY GAS COMPANY

**B.P.U.N.J. No. 8 - GAS**

**Appendix B- Original Sheet No. 1**

### APPLIANCE REPAIR SERVICE (ARS) (continued)

may, beginning on the twenty-sixth (26th) day, assess simple interest at a rate equal to the prime rate as published in the Money Rates column in The Wall Street Journal. Service to State, county or municipal government entities will not be subject to a late payment charge.

#### **LIMITS OF COVERAGE:**

All equipment must be manufactured, installed and maintained in accordance with the National Fuel Gas Code; certified by the American Gas Association, the Underwriters Laboratories or similar natural gas industry trade organizations; installed in accordance with local, state, and federal law; and satisfy both manufacturer's and the Company's requirements for safe and proper installation. Our response time shall be determined by scheduling priorities that consider public safety, health and welfare, existing work loads, nature or science, and prevailing weather conditions.

#### **SPECIAL PROVISIONS:**

- (a) The Non-Standard Rates will be charged on weekends, holidays and other than normal working hours (8:00 a.m. to 4:30 p.m.). The Standard Rates will be charged at all other times.
- (b) The following list shall constitute Competitive Services
  - Repair of Hot Water Heater
  - Repair of House Heater
- (c) The following list shall constitute Non-Competitive Services:
  - Changed Location of Facilities
  - Changed Location of Meter
  - Changed Location of Service
  - Installed Remote Meter Device
- (d) The following list shall constitute Free Services:
  - 1. Investigate appliance flashbacks.
  - 2. Inspecting new appliance and/or installation.
  - 3. Meter changes.
  - 4. Advisory service to assure safe operation of gas appliances.
  - 5. Turning on or turning off gas heaters when work is performed in conjunction with meter set orders, turn on order or turn off orders.
  - 6. Instructing customers in the proper use, operation and maintenance of appliances.  
Instructing heating customers in the procedure of turning on house heater.
  - 7. Any call made to place an appliance in a safe condition. A safe condition will result if a valve is shut off and/or the appliance is disconnected.
  - 8. Investigating gas leaks and odors.
  - 9. Meter turn offs.
  - 10. New equipment startup.

Issued August 16, 2002  
by South Jersey Gas Company,  
C. Bisciegliia, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Decision & Order in Docket No. GM02080609 of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_

**SOUTH JERSEY GAS COMPANY**

**B.P.U.N.J. No. 8 - GAS**

**Appendix B- Original Sheet No. 1**

**APPLIANCE REPAIR SERVICE (ARS)**  
**(continued)**

11. Preliminary investigation for appliance installation.
  12. Reported no gas or poor pressure.
  13. Gas leak repairs at meter and upstream piping.
  14. A service order which is canceled before the service person arrives or if it is canceled by the Company.
  15. Carbon monoxide services.
  16. Pilot light up services from November 1 through August 31 of each year.
- (e) The Company may not charge less than the Floor Rates set forth in the Floor Rates section of this Rate Schedule ARS, plus New Jersey Sales and Use Taxes.
- (f) The charges set forth in this Rate Schedule ARS are for labor only, and not for appliance repair parts. Repair parts associated with services under this Rate Schedule ARS shall not be priced below cost to the Company.

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Issued August 16, 2002  
by South Jersey Gas Company,  
C. Bisciegia, President

Effective with service rendered  
on and after \_\_\_\_\_

Filed pursuant to Decision & Order in Docket No. GM02080609 of the Board of  
Public Utilities, State of New Jersey, dated \_\_\_\_\_



**Exhibit B**

**ADMINISTRATIVE SERVICES AGREEMENT**  
**BETWEEN**  
**SOUTH JERSEY GAS COMPANY**  
**AND**  
**SOUTH JERSEY ENERGY SERVICE PLUS, LLC**

## **ADMINISTRATIVE SERVICES AGREEMENT**

THIS AGREEMENT made this \_\_\_\_ day of \_\_\_\_\_, 200\_\_ by and between **SOUTH JERSEY GAS COMPANY** (hereinafter referred to as "South Jersey"), a New Jersey corporation, located at 1 South Jersey Plaza, Folsom, NJ 08037, and **SOUTH JERSEY ENERGY SERVICE PLUS, LLC** (hereinafter referred to as "Service Plus"), a New Jersey Limited Liability Company, located at 1 South Jersey Plaza, Folsom, NJ 08037.

**WHEREAS**, South Jersey is willing to provide Administrative Services to Service Plus;  
and

**WHEREAS**, Service Plus requires Administrative Services and desires to use and purchase such Administrative Services from South Jersey;

**NOW, THEREFORE**, it is hereby agreed as follows:

### **ARTICLE 1 - GENERAL SCOPE OF SERVICES**

1. South Jersey shall provide, as needed, Administrative Services to Service Plus, enumerated in Exhibit A, attached hereto and made a part hereof, subject to the applicable provisions of this Agreement; provided, however, that South Jersey and Service Plus shall not be responsible for policy or management decisions of the other, such functions being reserved exclusively for each party to this Agreement, respectively.
2. South Jersey shall provide Administrative Services using personnel from within its own organization. In addition, South Jersey may use persons from outside its organization.
3. In performing the Administrative Services, South Jersey shall be deemed to be an independent contractor. When using its employees to perform Administrative Services, South Jersey shall be responsible for all employees' employment expenses, including salary, benefits and wages.

### **ARTICLE II - PAYMENT FOR SERVICES**

1. All of the Administrative Services rendered under this Agreement shall be charged in accordance with the fee schedule identified in Exhibit B. Administrative Services that benefit both South Jersey and Service Plus shall be fairly and equitably allocated between the parties. The methods of determining the costs and the allocation may be modified or changed by either party with the prior written approval of the other party, subject to any Final Order resulting from a competitive services audit performed at the direction of the Board. Provided, however, that any such modifications or changes must be consistent with the Affiliate Relations, Fair Competition and Accounting Standards and Related Reporting Requirements, N.J.A.C. 14:4-5.1, et seq. or relevant Board Orders. If either party objects, in writing, to the proposed changes or modifications, the parties agree to make a good faith effort to renegotiate the terms and conditions of Exhibit B. If no agreement can be reached within sixty (60) days of the proposal to modify

Exhibit B, the proposed modifications will not take effect and either party may terminate this Agreement as provided herein.

2. South Jersey shall submit itemized invoices for Administrative Services rendered, including, when requested or required by Service Plus, all sales, use, excise, or similar taxes that may be applicable to such Administrative Services, as soon as practicable after the close of each month. All invoices submitted by South Jersey shall have adequate documentation to justify all labor and material costs. Service Plus shall pay such invoice within thirty days after receipt; to the extent the costs are not disputed. Should Service Plus not pay that portion of the bill not in dispute within thirty (30) days after receipt, then late payment charges will be assessed in the form of simple interest, beginning on the 31<sup>st</sup> day, at a rate equal to the prime rate as published in the Money Rates Column in the Wall Street Journal. If Service Plus does not prevail in its good faith dispute, then Service Plus will be responsible for payment of the previously disputed portion of the invoice, along with late payment charges thereon relating back to the 31<sup>st</sup> day. Such disputes must be raised within ninety (90) days after receipt of the invoice with the disputed cost.

3. Upon the written request of Service Plus, South Jersey shall permit Service Plus reasonable access to its books and records for the purpose of auditing charges billed by South Jersey.

### **ARTICLE III - TERM OF CONTRACT**

This Agreement shall be effective \_\_\_\_\_, 200\_\_ and shall remain in effect until December 31, 2004. Thereafter, it shall remain in effect from year-to-year, unless terminated by either party on written notice given at least sixty (60) days prior to the end of any year.

### **ARTICLE IV - CHANGES**

No waiver, alteration, amendment, consent, or modification of any of the provisions of this Agreement shall be binding unless writing and signed by a duly authorized representative of both parties.

### **ARTICLE V - ASSIGNMENT**

Neither South Jersey nor Service Plus may assign any of its rights or obligations hereunder, except with the prior written consent of the other.

### **ARTICLE VI - FORCE MAJEURE**

Force Majeure means an event that is in consequence of any act of God, beyond the reasonable control of, and without the fault or negligence of, the party claiming Force Majeure, which by the exercise of due diligence such party claiming Force Majeure is unable to prevent or overcome, which delays, hinders, or prevents performance of that party's obligations under this Agreement. Neither South Jersey nor Service Plus shall be liable to the other for loss or damage resulting from (1) any delay in performance, in whole or in part, or (2) nonperformance of its contractual obligations, in whole or in part, insofar as such delay or nonperformance is caused by Force Majeure, provided that the party invoking Force Majeure provides written notice to the other party of the circumstances giving rise to such delay or nonperformance within a reasonable

time after learning of such circumstances and, to the extent possible, takes reasonable steps to correct or alleviate the circumstances that led to the Force Majeure event.

## **ARTICLE VII - INSURANCE AND INDEMNIFICATION**

1. South Jersey will provide evidence to Service Plus of insurance in such format and in such amounts as Service Plus shall reasonably require from time-to-time, covering Worker's Compensation/Employer's Liability, Commercial General Liability and Business Automobile Liability and Casualty Insurance.

2. At Service Plus' option, South Jersey shall defend, indemnify, and hold harmless Service Plus, its directors, officers, employees, contractors, agents, successors, and assigns from and against, any actions, penalties, claims, costs (including, but not limited to, reasonable attorney's fees), or damages of any nature caused by South Jersey's negligent professional acts, errors and omissions.

## **ARTICLE VIII - GENERAL LIMITATIONS OF LIABILITY AND WAIVER**

1. South Jersey shall provide well-qualified and experienced staff to perform Services covered by this Agreement. Names and backgrounds of said personnel shall be provided to Service Plus on request.

2. Services provided by South Jersey hereunder shall be performed in a prudent, professional, and workmanlike manner. If any such Services provided by South Jersey fail to conform to this standard, Service Plus shall give South Jersey the opportunity to correct the performance of such Services and bring them into conformity. If South Jersey should either elect not to bring the Service into conformity, or shall fail to bring the Services into conformity, Service Plus shall have the right to have the Service performed by a third party, and deduct the cost of such performance from the monies owed by Service Plus to South Jersey. If South Jersey elects to bring the performance of such Services into conformity, it shall do so at no additional cost to Service Plus.

3. Except for the obligation in (2) above to bring the performance of Service into conformity, South Jersey shall not be liable for any reason to Service Plus for claims for incidental, indirect, consequential, or other damages of any nature connected with or resulting from the performance or non-performance of this Agreement by South Jersey or Service Plus, whether or not due to negligence by South Jersey or Service Plus.

4. Except as may be provided in Paragraphs 1 and 2 of this Article, no warranties of any kind whether statutory, written, oral or implied, including, without limitations, warranties of merchantability and fitness for a particular purpose, shall apply to services performed hereunder.

## **ARTICLE IX - NOTICES**

1. All communications and notices by Service Plus to South Jersey under this Agreement shall be sent to and addressed as follows:

South Jersey Gas Company  
1 South Jersey Plaza  
Folsom, NJ 08037  
ATTN: David A. Kindlick, Executive Vice President and  
Chief Financial Officer

2. All communications and notices by South Jersey to Service Plus under this Agreement shall be sent to and addressed as follows:

South Jersey Energy Service Plus, LLC  
1 South Jersey Plaza  
Folsom, NJ 08037  
ATTN: Robert Fatzinger, Vice President

3. Either party may change the address set forth by written notice to the other.

#### **ARTICLE X - APPLICABLE LAW**

1. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey except that its conflict of law shall not apply.

2. This Agreement shall be subject to approval by any regulatory body whose approval is a legal prerequisite to its execution, delivery, or performance.

3. This Agreement constitutes the entire Agreement between the parties for the Services to be provided hereunder, and supersedes all prior representations and Agreements, whether written or oral, between the parties as to such Services.

4. This Agreement is made subject to present and future local, state and federal laws and to the regulations or orders of any local, state or federal regulatory authority having jurisdiction over the matters set forth herein; and performance hereunder is conditioned upon securing and retaining such local, state or federal approvals, grants or permits as may from time to time be necessary with respect to such performance.

#### **ARTICLE XI - DEFAULT**

In the event South Jersey shall be unable or unwilling to perform or provide any of the Services to or on behalf of the Service Plus, Service Plus may perform such Services on its own behalf or contract with any other person or entity to perform such services upon receipt of express written consent by South Jersey. Upon any default by either party in performing its obligations under this Agreement, the non-defaulting party may terminate this Agreement by serving upon the other party written notice of termination. Such termination shall be effective no less than 15 days following the date of the termination notice. Following such termination, the non-defaulting party shall have no further obligations under this Agreement.

## ARTICLE XII - SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Should this Agreement be transferred or assigned, at least thirty (30) days written notice shall be provided to the New Jersey Board of Public Utilities.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed in duplicate by their duly authorized representatives, to become effective as of the date first written above.

**SOUTH JERSEY GAS COMPANY**

**SOUTH JERSEY ENERGY SERVICE  
PLUS, LLC**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

\_\_\_\_\_  
(Print Title)

# **Exhibit C**

**EXHIBIT C INTENTIONALLY OMITTED**

# **Exhibit D**

**EXHIBIT D INTENTIONALLY OMITTED**



**Exhibit E**

**AGREEMENT OF SALE  
BETWEEN  
SOUTH JERSEY GAS COMPANY  
AND  
SOUTH JERSEY ENERGY SERVICE PLUS, LLC**

## **AGREEMENT OF SALE**

THIS AGREEMENT, made this \_\_\_\_ day \_\_\_\_\_, 200 \_\_, by and between South Jersey Gas Company, (hereinafter referred to as "South Jersey"), a New Jersey corporation, located at One South Jersey Plaza, Folsom, New Jersey 08037 and **SOUTH JERSEY ENERGY SERVICE PLUS, LLC**, (hereinafter referred to as "Service Plus"), a New Jersey limited liability company, located at One South Jersey Plaza, Folsom, New Jersey 08037.

### **WITNESSETH:**

WHEREAS, both South Jersey and Service Plus are subsidiaries of South Jersey Industries, Inc.;

WHEREAS, South Jersey has agreed to transfer its appliance repair service business to Service Plus, and Service Plus has agreed to purchase South Jersey's appliance repair service business; and

WHEREAS, South Jersey employs certain personal computers, printers, cell phones, tools and an inventory of repair parts in connection with its appliance repair service business; and

WHEREAS, this Agreement is made for the purpose of delineating the terms and conditions under which South Jersey will sell and Service Plus will purchase those personal computers, printers, cell phones, tools and repair parts inventory from South Jersey;

NOW, THEREFORE, in consideration of the premises and respective covenants and the parties hereto intending to be legally bound hereby, mutually agree as follows:

#### **I. Sale of Equipment.**

Service Plus shall sell, transfer and deliver to South Jersey on or before such date as shall mutually be agreed upon by the parties, the equipment described in Exhibit A to this Agreement.

#### **II. Acceptance by Service Plus.**

Service Plus will accept the equipment described in Exhibit A and pay \$\_\_\_\_\_ for such equipment in accordance with the terms of this Agreement.

#### **III. Payment in Full at the Time of Delivery.**

Service Plus will pay for the equipment described in Exhibit A at such time after delivery of the Equipment as the parties shall mutually agree upon.

#### **IV. Receipt of Equipment.**

The equipment will be deemed received by Service Plus on \_\_\_\_\_, 200 \_\_. It shall be delivered to Service Plus at One South Jersey Plaza, Folsom, New Jersey 08037, or at a mutually agreed upon location.

**V. Risk of Loss.**

This risk of loss from any casualty to the equipment, regardless of the cause, will be on South Jersey up to the time of the receipt of the equipment by Service Plus at the place of delivery. After that time, the risk will be on Service Plus.

**VI. Warranty against Encumbrances.**

South Jersey warrants that the equipment is now free, and at the time of delivery will be free, from any security interests or other liens or encumbrances.

**VII. Warranty of Title.**

South Jersey warrants that at the time of the signing of this Agreement, South Jersey neither knows, nor has reason to know, of the existence of any outstanding title or claim of title hostile to the rights of South Jersey in the equipment.

**VIII. Right of Inspection.**

Service Plus will have the right to inspect the equipment at the time and place of delivery. Within ten (10) business days after delivery, Service Plus must give notice to South Jersey of any rejection of any equipment on account of the quality, or grade of the equipment, and Service Plus must specify in detail the basis of the claim. Service Plus's failure to comply with these conditions will constitute irrevocable acceptance of the equipment by Service Plus.

**IX. Procedure as to Rejected Equipment.**

On receipt of notification of rejection, South Jersey will immediately arrange to receive back the equipment for shipment and return. If the equipment is confirmed or acquiesced in as non-conforming on account of the quality or grade of the equipment, South Jersey will refund the applicable sales price of the non-conforming Equipment.

**X. Governing Law.**

The parties acknowledge that the transaction that is the subject matter of this Agreement bears a reasonable relationship to the State of New Jersey and agree that the laws of the State of New Jersey will govern their rights and duties. The parties specifically intend that the provisions of Chapter 2 of the New Jersey Uniform Commercial Code will control as to all aspects of this Agreement and its interpretation, and that all the definitions contained in the New Jersey Uniform Commercial Code will apply to this Agreement, except where this Agreement may expressly provide otherwise.

This Agreement is made subject to present and future local, state and federal laws and to the regulations or orders of any local, state or federal regulatory authority having jurisdiction over the matters set forth herein; and performance hereunder is conditioned upon securing and retaining such local, state or federal approvals, grants or permits as may from time to time be necessary with respect to such performance.

**XI. Integrated Agreement.**

The terms of this Agreement are intended by the parties as a final expression of their agreement and also as a complete and exclusive statement of its terms.

Executed at Folsom, New Jersey on \_\_\_\_\_, 200\_\_:

SOUTH JERSEY GAS COMPANY  
LLC

SOUTH JERSEY ENERGY SERVICE PLUS,

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Exhibit A

SOUTH JERSEY GAS COMPANY  
TO  
SOUTH JERSEY ENERGY SERVICE PLUS, LLC  
AGREEMENT OF SALE

Repair Part Inventory	\$	589,922
Small Tools	\$	16,674
Cell Phones	\$	455
PC Computers and Printers	\$	<u>13,005</u>
Total Sales Price	\$	620,056

EXHIBIT A TO BE REPLACED AS OF THE DATE OF SALE

**Exhibit F**

**EQUIPMENT LEASE**  
**BETWEEN**  
**SOUTH JERSEY GAS COMPANY**  
**AND**  
**SOUTH JERSEY ENERGY SERVICE PLUS, LLC**

## EQUIPMENT LEASE

THIS LEASE, made this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_ between South Jersey Gas Company, hereinafter referred to as "SJG" or "Lessor", a New Jersey corporation, located at 1 South Jersey Plaza, Folsom, NJ 08037 and South Jersey Energy Service Plus, LLC, hereinafter referred to as "Lessee", a New Jersey limited liability company, located at One South Jersey Plaza, Folsom, New Jersey 08037. Witnesseth:

For and in consideration of the mutual covenants and promises hereinafter set forth, the parties hereto agree as follows:

1. **Lease.** Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, the equipment and vehicles described in Exhibit A to this Lease. The equipment and vehicles listed in Exhibit A, together with any repairs, replacements or substitution parts shall constitute, and are hereinafter referred to collectively as, the "Leased Property."

2. **Term of Lease.** This Lease shall become effective on \_\_\_\_\_, 200\_\_ and shall remain in effect until December 31, 2005. Thereafter, it shall remain in effect from year-to-year, unless terminated by either party on written notice given at least sixty (60) days prior to the end of any year.

3. **Rental Payments.** A schedule of the Leased Property and the monthly rental payments for such Leased Property is attached to this Lease as Exhibit A. The monthly rent is payable by the Lessee to the Lessor within ten (10) days of the invoice therefor from the Lessor to the Lessee. The monthly rent is payable by the Lessee to the Lessor at the Lessor's offices at 1 South Jersey Plaza, Folsom, NJ 08037, or to such other person and at such other place and time as Lessor may from time to time designate in writing. The parties may, from time to time, by mutual agreement, execute a revised Exhibit A.

Should Lessee fail to make payment within ten (10) days of receipt of the invoice, then late payment charges will be assessed in the form of simple interest, beginning on the eleventh (11<sup>th</sup>) day, at a rate equal to the lesser of one percent (1%) or the highest legal interest rate, per month or fraction thereof. It is the intention of Lessor that it not receive directly or indirectly any amount in excess of that amount which may be legally paid.

4. **Warranties.** Lessor makes no warranties, either express or implied, as to any matter whatsoever, including, without limitation, the condition of the leased property, its merchantability or its fitness for any particular purpose.

5. **Prohibition of Assignment.** Without the prior written consent of Lessor, Lessee shall not (a) assign, transfer, pledge or hypothecate this lease, the leased property or any part thereof, or any interest therein, or (b) sublet or lend the leased property or any part thereof, or permit the leased property or any part thereof to be used by anyone other than Lessee or Lessee's employees. Consent to any of the foregoing prohibited acts applies only in the given instance, and is not a consent to any subsequent like act by lessee or any other person.

Should this Agreement be transferred or assigned, at least thirty (30) days written notice shall be provided to the New Jersey Board of Public Utilities.

6. **Lessee's Use of the Leased Property.** Lessee shall use the Leased Property in a careful and proper manner and shall comply with and conform to all laws, ordinances and regulations which relate in any manner to the possession, use or maintenance of the Leased Property.

7. **Lessor's Right to Inspect the Leased Property.** Lessor shall have the right during normal business hours to enter into and upon the premises where the Leased Property is located for the purpose of inspecting the same or observing its use.

8. **Alterations Prohibited.** Lessee shall not make any alterations, additions or improvements to the Leased Property, without the prior written consent of the Lessor. All additions and improvements made to the Leased Property shall belong to and become the property of the Lessor upon the expiration of the Lease, unless Lessor agrees to relinquish such additions and improvements to Lessee.

9. **Lessee's Obligation to Repair.** Lessee, at its own cost and expense, shall keep the Leased Property in good repair, condition and working order and shall furnish any and all parts, mechanisms and devices required to keep the equipment in good mechanical and working order.

10. **Risk of Loss.** Lessee hereby assumes and agrees to bear the entire risk of loss and damage to the Leased Property from any cause whatsoever. No loss or damage to the Leased Property or any part thereof shall impair or lessen any of Lessee's obligations under this Lease, which shall continue in full force and effect.

11. **Surrender of Leased Property.** Upon the expiration of the lease, with respect to any item of the Leased Property, the Lessee shall return the same to Lessor in good repair, condition and working order, ordinary wear and tear excepted, by delivering the item of Leased Property at Lessee's cost and expense to such place as Lessor shall specify.

12. **Insurance.** Lessee shall provide evidence to Lessor of public liability insurance and property damage insurance on the Leased Property in a form satisfactory to the Lessor. The scope and amount of coverage shall be as reasonably prescribed by Lessor from time to time. The initial liability and the property damage coverage shall be at least Five Million Dollars (\$5,000,000.00).

13. **Taxes.** Lessee shall keep the Leased Property free and clear of all levies, liens and encumbrances and shall pay all license fees, registration fees, assessments, charges and taxes (municipal, state and federal) which may now or hereafter be imposed upon the ownership, leasing, renting, sale, possession or use of the Leased Property, excluding, however, all taxes on or measured by Lessor's income.

14. **Lessor's Payment.** In the event of the Lessee's failure to procure or maintain insurance as aforesaid, or to pay said fees, assessments, charges and taxes as aforesaid, Lessor



shall have the right, but not the duty, to obtain such insurance, or pay such fees, assessments, charges and taxes, as the case may be. In that event, the cost thereof, including reasonable attorneys' fees, shall be repayable to Lessor with the next installment of rent, and failure to repay the same shall carry with it the same consequence, including interest at the same percentage per month, as failure to pay any installment of rent.

15. **Indemnity.** Lessee shall indemnify Lessor against, and hold Lessor harmless from: any and all claims, actions, suits, proceedings, costs, expenses, damages and liabilities, including reasonable attorneys' fees, arising out of, connected with, or resulting from the Leased Property, including without limitation the manufacture, selection, delivery, possession, use, operation or return of the Leased Property.

16. **Default.** If Lessee with regard to any item or items of Leased Property fails to pay any rent or other amount herein provided within ten (10) days after the same is due and payable, or if Lessee with regard to any item or items of Leased Property fails to observe, keep or perform any other provision of this Lease required to be observed, kept or performed by Lessee, Lessor shall have the right to exercise any one or more of the following remedies:

(a) To declare the entire amount of rent hereunder immediately due and payable as to any or all items of Leased Property, without notice or demand to Lessee.

(b) To sue for and recover all rents, and other payments, then accrued or thereafter accruing, with respect to any or all items of Leased Property.

(c) To take possession of any or all items of equipment, without demand or notice, wherever same may be located, without any court order or the process of law. Lessee hereby waives any and all damages occasioned by such taking of possession. Any said taking of possession shall not constitute a termination of this Lease as to any or all items of Leased Property unless Lessor expressly so notifies Lessee in writing.

(d) To terminate this Lease as to any or all items of Leased Property.

(e) To pursue any other remedy at law or in equity, including those set forth in the Uniform Commercial Code.

Notwithstanding any said repossession, or any other action which Lessor may take, Lessee shall be and remain liable for the full performance of all obligations on the part of Lessee to be performed under this Lease.

All such remedies are cumulative, and may be exercised concurrently or separately.

17. **Lessor's Expenses.** Lessee shall pay Lessor all costs and expenses, including reasonable attorneys' fees, incurred by Lessor in exercising any of its rights or remedies hereunder or in enforcing any of the terms, conditions, or provisions hereof.

18. **Lessor's Assignment.** It is understood that Lessor may assign this lease or mortgage the Leased Property, and that said assignee may assign the same. All rights of Lessor

hereunder may be assigned, pledged, mortgaged, transferred, or otherwise disposed of, either in whole or in part, without notice to Lessee.

Should this Agreement be transferred or assigned, at least thirty (30) days written notice shall be provided to the New Jersey Board of Public Utilities.

19. **Ownership.** The Leased Property is, and shall at all times be and remain, the sole and exclusive property of lessor; and the Lessee shall have no right, title or interest therein or thereto except as expressly set forth in this Lease.

20. **Interest.** Should lessee fail to pay any part of the rent herein reserved or any other sum required by Lessee to be paid to Lessor, within ten (10) days after the due date thereof, Lessee shall pay unto the Lessor interest on such delinquent payment from the expiration of said ten (10) days until paid at the rate of 1.5% per month.

21. **Offset.** Lessee hereby waives any and all existing and future claims, and offsets, against any rent or other payments due hereunder; and agrees to pay the rent and other amount hereunder regardless of any offset or claim which may be asserted by Lessee or on its behalf.

22. **Non-waiver.** No covenant or condition of the Lease can be waived except by the written consent of the Lessor. Forbearance or indulgence by Lessor in any regard whatsoever shall not constitute a waiver of the covenant or condition to be performed by Lessee to which the same may apply, and, until complete performance by Lessee of said covenant or condition, Lessor shall be entitled to invoke any remedy available to Lessor under this Lease or by law or in equity despite said forbearance or indulgence.

23. **Governing Law.** This Lease shall be governed by and construed in accordance with the laws of the State of New Jersey.

This Agreement is made subject to present and future local, state and federal laws and to the regulations or orders of any local, state or federal regulatory authority having jurisdiction over the matters set forth herein; and performance hereunder is conditioned upon securing and retaining such local, state or federal approvals, grants or permits as may from time to time be necessary with respect to such performance.

24. **Entire Agreement.** This instrument constitutes the entire agreement between Lessor and Lessee; and it shall not be amended, altered or changed except by a written agreement signed by the parties hereto.

25. **Notices.**

All communications and notices by Service Plus to South Jersey under this Agreement shall be sent to and addressed as follows:

South Jersey Gas Company  
1 South Jersey Plaza  
Folsom, NJ 08037  
ATTN: Gary Allen, Manager, Property and Materials Management

All communications and notices by South Jersey to Service Plus under this Agreement shall be sent to and addressed as follows:

South Jersey Energy Service Plus, LLC  
1 South Jersey Plaza  
Folsom, NJ 08037  
ATTN: Robert Fatzinger, Vice President

Either party may change the address set forth by written notice to the other.

26. **Titles.** The titles to the paragraphs of this Lease are solely for the convenience of the parties, and are not an aid in the interpretation of the instrument.

In witness whereof, the parties hereto have executed this Lease Agreement as of the date written below.

Dated: \_\_\_\_\_

**LESSOR**  
SOUTH JERSEY GAS COMPANY  
LLC

**LESSEE**  
SOUTH JERSEY ENERGY SERVICE PLUS,

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

# EXHIBIT A TO BE REPLACED AS OF THE DATE OF SALE

Exhibit A  
Page 1 of 2

South Jersey Gas Company  
Equipment Lease with South Jersey Gas Service Plus, LLC  
Original Cost & Net Book Value as of 12/31/2002

	Original Cost	Accumulated Depreciation	Net Book Value	Annual Depreciation	Rate of Return @ 9.62%	Annual Cost
Air Conditioning Repair Tools	\$107,592.06	\$14,476.46	\$93,115.60	\$3,260.04	\$8,957.72	\$12,217.71
Automated Dispatch Computer System and Equipment (ADS)	\$533,260.30	\$434,764.43	\$98,495.87	\$85,994.01	\$9,475.30	\$95,469.31
ADS Data & Voice Communication Equipment	\$241,432.16	\$21,783.85	\$219,648.31	\$4,732.07	\$21,130.17	\$25,862.21
Vehicles Leased To Service Plus	\$506,145.77	\$132,768.64	\$373,377.13	\$56,536.48	\$35,918.88	\$92,455.31
Vehicles Sub-leased to Service Plus						<del>\$52,174.81</del>
Annual Rent Payable by Service Plus to South Jersey						\$278,179.41

South Jersey Gas Company  
Lease of Vehicles to Service Plus  
Original Cost & Net Book Value as of 12/31/2002

EXHIBIT A  
Page 2 of 2

Year	Orig. Cost	Accum. Deprec.	Net Book Value	Annual Deprec.	Rate of Return @ 9.62%	Annual Cost
2000	\$17,357.41	\$4,685.49	\$12,671.92	\$1,938.82	\$1,219.04	\$3,157.86
2000	16,542.34	4,465.47	12,076.87	1,847.78	1,161.80	3,009.57
2000	17,357.41	4,685.49	12,671.92	1,938.82	1,219.04	3,157.86
2001	17,996.57	2,680.29	15,316.28	2,010.22	1,473.43	3,483.64
2001	17,996.57	3,015.33	14,981.24	2,010.22	1,441.20	3,451.41
2001	17,996.57	3,015.33	14,981.24	2,010.22	1,441.20	3,451.41
2001	17,996.57	2,680.29	15,316.28	2,010.22	1,473.43	3,483.64
2002	15,059.00	1,261.57	13,797.43	1,682.09	1,327.31	3,009.40
2000	16,493.47	4,452.27	12,041.20	1,842.32	1,158.36	3,000.68
2001	17,996.57	2,847.81	15,148.76	2,010.22	1,457.31	3,467.53
2001	17,996.57	2,847.81	15,148.76	2,010.22	1,457.31	3,467.53
2001	17,996.57	2,847.81	15,148.76	2,010.22	1,457.31	3,467.53
1997	16,729.34	10,433.39	6,295.95	1,868.67	605.67	2,474.34
2000	17,357.41	4,685.49	12,671.92	1,938.82	1,219.04	3,157.86
2001	18,035.41	2,853.95	15,181.46	2,014.56	1,460.46	3,475.01
2001	18,035.41	2,853.95	15,181.46	2,014.56	1,460.46	3,475.01
1998	14,403.70	7,508.17	6,895.53	1,608.89	663.35	2,272.24
1998	17,492.04	8,629.55	8,862.49	1,953.86	852.57	2,806.43
2000	17,357.41	4,685.49	12,671.92	1,938.82	1,219.04	3,157.86
2000	16,493.47	4,605.80	11,887.67	1,842.32	1,143.59	2,985.91
2000	17,357.41	4,847.06	12,510.35	1,938.82	1,203.50	3,142.32
2001	18,074.25	2,691.86	15,382.39	2,018.89	1,479.79	3,498.68
1997	16,591.77	10,038.71	6,553.06	1,853.30	630.40	2,483.70
2000	17,357.41	4,523.92	12,833.49	1,938.82	1,234.58	3,173.40
2000	17,357.41	4,685.49	12,671.92	1,938.82	1,219.04	3,157.86
2001	18,034.09	2,685.88	15,348.21	2,014.41	1,476.50	3,490.91
2001	18,034.09	3,021.61	15,012.48	2,014.41	1,444.20	3,458.61
1998	19,673.60	11,353.96	8,319.64	2,197.54	800.35	2,997.89
2001	18,975.93	3,179.42	15,796.51	2,119.61	1,519.62	3,639.24

\$506,145.77 \$132,768.64 \$373,377.13 \$56,536.48 \$35,918.88 \$92,455.36

	Annual Lease Cost
1999	\$3,723.96
1999	\$3,723.96
1999	\$3,733.68
1999	\$3,723.96
1999	\$3,723.96
1999	\$3,723.96
1999	\$3,733.68
1999	\$3,723.96
1999	\$3,743.88
1999	\$3,723.96
1999	\$3,723.96
1999	\$3,723.96
1999	\$3,723.96
1999	\$3,723.96

\$52,174.80

**\$144,630.16**

# **Exhibit C**

**BUSINESS LEASE**  
**BETWEEN**  
**SOUTH JERSEY GAS COMPANY**  
**AND**  
**SOUTH JERSEY ENERGY SERVICE PLUS, LLC**

## **BUSINESS LEASE**

THIS BUSINESS LEASE made this \_\_\_\_ day of \_\_\_\_\_, 200\_\_, by and between SOUTH JERSEY GAS COMPANY, a New Jersey corporation, whose principal office is located at One South Jersey Plaza, Folsom, New Jersey 08037 (hereinafter called "Landlord"), and **SOUTH JERSEY ENERGY SERVICE PLUS, LLC**, a New Jersey limited liability company, whose principal office is located at One South Jersey Plaza, Folsom, New Jersey 08037 (hereinafter called "Tenant").

### **I. PREMISES**

In consideration of the rents, agreements, conditions and covenants herein contained and on the part of the Tenant to be paid and performed, Landlord hereby devises, rents, and lets to Tenant and Tenant takes and hires from Landlord the following described premises (hereinafter called Premises) subject to all present and future restrictions, easements, and any and all agreements affecting the Premises: Those portions of various buildings described on Exhibit A hereto. Exhibit A depicts the location of each building, square footage, and rental per square foot.

### **II. TERM**

This Business Lease shall become effective on \_\_\_\_\_, 200\_\_ and shall remain in effect until December 31, 2005. Thereafter, it shall remain in effect from year-to-year, unless terminated by either party on written notice given at least sixty (60) days prior to the end of any year.

### **III. PURPOSE**

The Tenant covenants and agrees to use the Premises for operation of an appliance service and repair business, including heating and cooling installation and appliance installation.

Tenant shall not use nor permit the Premises to be used for any other purpose without the prior written consent of the Landlord.

**IV. RENT**

The monthly rent shall be as portrayed on Exhibit A to this Business Lease. Exhibit A shall be modified annually, in large, using actual prior year costs.

**V. ALTERATIONS AND IMPROVEMENTS**

Tenant shall make no alterations, additions or improvements and shall install no climate regulating, air-conditioning, cooling, heating or sprinkler systems, television or radio antennas, heavy equipment, apparatus and fixtures, without the written consent of the Landlord, which shall not be unreasonably withheld. All such alterations, additions or improvements, when made, installed in or attached to the Premises, shall belong to and become the property of the Landlord and shall be surrendered with the Premises as part thereof upon the termination of this Lease. Notwithstanding the foregoing, however, at the termination of this Lease, Tenant may remove any fixtures which constitute business equipment provided that Tenant shall restore the Premises to its original condition, normal wear and tear excepted. Tenant shall not place nor allow to be placed any signs of any kind whatsoever upon, in or about the Premises, except as may be consented to by the Landlord in writing, which consent shall not be unreasonably withheld. Any signs permitted by the Landlord shall at all times conform with all municipal ordinances or other laws and regulations applicable thereto. Any signs shall comply with the Affiliate Relations, Fair Competition and Accounting Standards and Related Reporting Requirements, N.J.A.C. 14:4-5.1, et seq.

**VI. UTILITIES AND SERVICES**

Landlord is the principal occupant of the building in which the Premises is located. Landlord shall apportion a pro rata share of the cost of all utilities services to Tenant. Tenant



shall be responsible for a pro rata share of any sewer hook-up charge or special assessment that may be assessed during the term of the Lease.

#### **VII. MAINTENANCE AND REPAIRS**

The Tenant shall keep the Premises in good condition. Landlord shall apportion a pro rata share of Landlord's costs for cleaning and janitorial services as well as redecorating, painting and renovating the Premises to the Tenant.

At the termination of this Lease or upon abandoning the Premises, Tenant shall leave the same, and during the term of the Lease shall keep the same, including carpeting and partitioning, in good order and condition, ordinary wear and tear excepted, and for that purpose Tenant shall make all necessary repairs and replacements. In case of the destruction or any damage of any kind whatsoever to the Premises caused by the carelessness, negligence or improper conduct on the part of the Tenant, or the Tenant's agents, employees, guests, licensees, invitees, sub-tenants, assignees or successors, the Tenant shall repair the said damage or replace or restore any destroyed parts of the Premises, as quickly as possible, at the Tenant's own cost and expense. At the termination of this Lease, Tenant shall remove all dirt, rubbish, waste and refuse from the Premises and shall remove all of its property therefrom, in order that Landlord may again have and repossess the same not later than noon on the day upon which this Lease terminates.

#### **VIII. ACCEPTANCE OF PREMISES**

Tenant accepts the Premises "as is," and has entered into this Lease without any representation on the part of the Landlord as to the condition thereof. Landlord makes no warranties, expressed or implied, regarding the condition of the Premises or its fitness for use of any particular purpose.

**IX. INSURANCE**

Tenant shall provide evidence to Landlord of public liability insurance and casualty insurance on the Premises in a form satisfactory to the Landlord. The scope and amount of coverage shall be as prescribed by Landlord from time to time. The initial liability and casualty coverage shall be at least \$5,000,000.

**X. LIABILITY OF LANDLORD AND TENANT**

Landlord shall not be held responsible for and is hereby expressly relieved from any and all liability to Tenant or any other person by reason of any injury, loss or damage to any person or property in or about the Premises whether the same be due to fire, breakage, leakage, use, misuse, hatches, openings, defective construction, failure to order supplies, light or power, electric wiring, plumbing, machinery, wind, lightning, storm or any other cause whatsoever. Tenant shall defend the Landlord from and reimburse Landlord for all liability and costs resulting from any injury or damage due to the act or neglect of the Tenant or the Tenant's employees.

**XI. ACCESS TO PREMISES**

Landlord shall have the right at all reasonable times, including times outside of regular business hours, and for emergency repairs, to enter the Premises for the purpose of examining or inspecting the same, providing service or maintenance, or making such repairs or alterations therein as Landlord shall deem necessary.

**XII. RESTRICTION ON TENANT'S USE OF PREMISES**

Tenant shall not do or permit anything to be done upon the Premises which would:

- (a) Impair the appearance of the Premises;
- (b) Impair or interfere with the proper maintenance and service of the

Premises;

(c) Make void or voidable any insurance upon the Premises or increase the cost of any such insurance;

(d) Make it impossible to obtain insurance upon the Premises;

(e) Cause structural damage to the Premises or any part thereof;

(f) Constitute a public or private nuisance;

(g) Violate any present or future laws or regulations of any governmental body.

### **XIII. DEFAULT AND REMEDIES**

Tenant shall be in default hereunder if any of the following events occur:

(a) Tenant fails to make any payment of rent or additional rent on the due date thereof and fails to cure such delinquency within ten (10) days after written notice thereof has been given to Tenant by Landlord;

(b) Tenant fails to comply with any covenant or condition of this Lease other than the covenant for the payment of rent and fails to cure such noncompliance within thirty (30) days after written notice thereof has been given to Tenant by Landlord;

(c) Tenant has been notified by Landlord more than three (3) times during the term of this Lease of nonpayment of rent or noncompliance with any other covenant or condition of this Lease;

(d) Tenant vacates the Premises (e.g., leaving the Premises unoccupied for more than 72 consecutive hours shall be deemed "vacating" the Premises);

(e) Tenant is the subject of a legal proceeding which results in a levy or a charging order against or the acquisition of its leasehold interest by a trustee in bankruptcy, receiver, assignee, or other legal officer appointed in any insolvency or creditor's proceeding;

(f) Tenant uses or permits the Premises to be used for a purpose other than those permitted under this Lease and fails to stop such unpermitted use within ten (10) days after receipt of written notice to do so from Landlord;

(g) Tenant subleases the Premises or any part thereof, or assigns this Lease without receiving the prior written consent of Landlord.

In the event of such default, Landlord may terminate this Lease on not less than three (3) days notice to Tenant and Tenant shall quit and surrender the Premises to Landlord. Tenant shall remain liable as hereinafter provided. If the Lease shall have been so terminated by Landlord, Landlord may at any time thereafter resume possession of the Premises by any lawful means and remove Tenant or other occupants and their effects.

Where Landlord has recovered possession of the Premises by reason of Tenant's default, Landlord may, at Landlord's option, occupy the Premises or cause the Premises to be redecorated, altered, divided, consolidated with other adjoining premises, or otherwise changed or prepared for reletting, and may relet the Premises or any part thereof as agent of Tenant or otherwise for a term or terms to expire prior to, or at the same time as, or subsequent to, the original expiration date of this Lease. Landlord may receive the rent thereof, applying the same first to the payment of such expenses Landlord may have incurred in connection with the recovery of possession, preparation for reletting, and the reletting, including brokerage and reasonable attorneys fees, and then to the payment of damages and amounts equal to the rent hereunder and to the cost and expense of performance of the other covenants of Tenant as herein provided. Tenant agrees, whether or not Landlord has relet, to pay to Landlord damages equal to the rent and other sums herein agreed to be paid by Tenant, less the net proceeds of reletting, if any, as ascertained from time to time, and the same shall be payable by Tenant on the rental due dates specified in Article V above. In reletting the Premises as aforesaid, Landlord may grant

rent concessions and Tenant shall not be credited therewith. No reletting shall constitute a surrender and acceptance or be deemed evidence thereof. Tenant shall not be entitled to any surplus accruing as a result of any reletting. If Landlord elects pursuant hereto to occupy and use the Premises or any part thereof during any part of the balance of the term as originally fixed or extended, there shall be allowed against Tenant's obligation for rent or damages as herein defined, during the period of Landlord's occupancy, the reasonable value of such occupancy, not to exceed in any event the rent herein reserved. Such occupancy shall not be construed as a release of Tenant's liability hereunder. The failure of Landlord to insist upon the strict performance of any of the terms, conditions and covenants herein shall not be deemed a waiver of any subsequent breach or default in the terms, conditions and covenants herein contained.

#### **XIV. REAL ESTATE TAXES**

Landlord shall apportion a pro rata share of real estate taxes on the buildings in which the Premises are located and appurtenant properties to the Tenant. All payments shall be made in a timely manner, and shall be made directly to Landlord. Tenant will be responsible for any interest or late charges resulting from Tenant's failure to pay the real estate taxes when due.

#### **XV. WAIVER OF SUBROGATION**

Tenant waives all right of recovery against the Landlord or Landlord's agents, employees or other representatives, for any loss, damages or injury of any nature whatsoever to property or persons for which the Tenant is insured; provided, however, that this release shall be effective only with respect to loss or damage occurring during such time as the appropriate policy of insurance shall contain a clause to the effect that this waiver shall not affect said policy or the right of the insured to recover thereunder.

#### **XVI. FIRE OR OTHER CASUALTY**

In the event the Premises are totally destroyed by fire or other casualty or are damaged to such an extent that Landlord desires to raze or remodel the Premises, then the term of the Lease hereby created shall end on the date of such fire or casualty. Tenant shall pay the rent and other charges for which it is responsible under this Lease apportioned to the time of such fire or other casualty and shall surrender possession of the Premises. If, however, the Premises, in the judgment of Landlord, can be repaired within a period of 120 days so as to be in as good condition as at the beginning of the term, the Lease and the term herein created shall not be affected and the repairs shall be made promptly by the Tenant.

#### **XVII. CONDEMNATION**

Tenant agrees that if the Premises, or any part thereof, shall be taken or condemned for a public or quasi-public use or purpose by any competent authority, Tenant shall have no claim against the Landlord and shall not have any claim or right to any portion of the amount that may be awarded as damages or paid as a result of any such condemnation. All rights of the Tenant to damages therefore, if any, are hereby assigned by the Tenant to the Landlord; provided, however, that Tenant may make claim against the condemning authority for relocation expenses. Upon such condemnation or taking, the term of this Lease shall, at the option of Landlord, cease and terminate from the date of such governmental taking or condemnation, and Tenant shall have no claim against the Landlord for the value of any unexpired term of this Lease.

#### **XVIII. GOVERNING LAW**

This Lease shall be construed, governed and enforced in accordance with the laws of the State of New Jersey.

This Agreement is made subject to present and future local, state and federal laws and to the regulations or orders of any local, state or federal regulatory authority having jurisdiction

over the matters set forth herein; and performance hereunder is conditioned upon securing and retaining such local, state or federal approvals, grants or permits as may from time to time be necessary with respect to such performance.

**XIX. SUBORDINATION**

This Lease is subject to and subordinate to any and all mortgages now or hereafter placed upon the Premises. This subordination shall be self-executing, but Tenant nevertheless agrees upon demand of Landlord to execute, acknowledge, and deliver such instruments as shall be requested by any mortgagee or proposed mortgagee to confirm such subordination. To this end, Tenant hereby appoints Landlord his Attorney-in-Fact, irrevocably, to execute and deliver any such instrument on Tenant's behalf.

**XX. SEVERABILITY**

In the event that any portion of this Lease shall be held unenforceable or void, such determination shall not in any event affect the provisions of enforceability of the remainder of this Lease.

**XXI. NOTICES**

All notices provided for this Lease, whether stated to be given by certified mail or otherwise, shall be required to be personally delivered or sent by certified mail to the addresses appearing in the Preamble of this Lease. Notices to South Jersey shall be sent to: Attention – Gary Allen, Manager, Property and Materials Management. Notices to Service Plus shall be sent to: Attention – Robert Fatzinger, Vice President.

The entities and the addresses to which notices are to be directed may from time to time be changed by either party hereto upon certified mail notice to the other at least ten (10) days before such change of entity or address shall be effective.

## **XXII. BINDING EFFECT**

All rights and liabilities herein given to or imposed upon the respective parties hereto shall extend to and bind the several and respective heirs, executors, administrators, successors and assigns of said parties.

## **XXIII. REMEDIES NOT EXCLUSIVE**

No right or remedy herein conferred upon or reserved to Landlord or Tenant is intended to be exclusive of any other right or remedy, but each shall be cumulative and in addition to every other right or remedy herein given or now or hereafter existing at law or equity or by statute.

## **XXIV. ENTIRE AGREEMENT**

It is expressly understood and agreed by and between the parties hereto that this Lease, and any exhibits that may be attached hereto, set forth all promises, agreements, conditions and understandings between Landlord or its agents and Tenant relative to the Premises. There are no promises, agreements, conditions or understandings, either oral or written, between them other than are herein set forth. It is further understood and agreed that, except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant unless reduced to writing and signed by both parties.

## **XXV. INTERPRETATION**

In all references herein to any parties, persons, entities or corporations the use of any particular gender or the plural or singular number is intended to include the appropriate gender or number as the text of the within instrument may require.



IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed the  
day and year first above written.

LANDLORD:

Attest:

SOUTH JERSEY GAS COMPANY

\_\_\_\_\_

By: \_\_\_\_\_

TENANT:

Attest:

SOUTH JERSEY ENERGY SERVICE  
PLUS, LLC

\_\_\_\_\_

By: \_\_\_\_\_

# EXHIBIT A

## SOUTH JERSEY GAS COMPANY BUILDING LEASE TO SOUTH JERSEY ENERGY SERVICE PLUS, LLC

	TOTAL <u>SPACE</u>	RATE PER SQUARE <u>FOOT</u>	LEASE <u>AMOUNT</u>
PLEASANTVILLE	70	\$13.28	\$929.60
GLASSBORO	2,242	\$11.33	\$25,401.86
MILLVILLE	66	\$15.27	\$1,007.82
SWAINTON	10	\$14.06	\$140.60
WATERFORD	70	\$7.62	\$533.40
 FOLSOM	 <u>192</u>	 \$22.66	 <u>\$4,350.72</u>
 TOTAL COMPANY SQUARE FEET USED	 <u>2,650</u>		
 ANNUAL LEASE TOTAL			 <u>\$32,364.00</u>
 MONTHLY LEASE AMOUNT			 <u>\$2,697.00</u>

LANDLORD:

Attest:

SOUTH JERSEY GAS COMPANY

By: \_\_\_\_\_

TENANT:

Attest:

SOUTH JERSEY ENERGY SERVICE  
PLUS, LLC

By: \_\_\_\_\_

EFFECTIVE DATE: March 1, \_\_\_\_\_